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**THE CITY OF NEW YORK  
DEPARTMENT OF FINANCE  
OFFICE OF TAX POLICY**

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**BUSINESS INCOME TAXES**

**BANKING CORPORATION TAX  
GENERAL CORPORATION TAX  
UNINCORPORATED BUSINESS TAX  
TAX YEAR 1999**

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**TAX YEAR 1999**

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**FINANCE**  
**NEW • YORK**  
THE CITY OF NEW YORK  
DEPARTMENT OF FINANCE

**MICHAEL R. BLOOMBERG**  
**MAYOR**

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**REPORT PREPARED BY THE**  
**OFFICE OF TAX POLICY**  
**APRIL 2003**

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**New York City's Business Income Taxes:**  
**The Banking Corporation Tax, General Corporation Tax, and**  
**Unincorporated Business Tax**  
**Tax Year 1999**

This report presents statistical information for tax year 1999 for the three New York City business income taxes: the Banking Corporation Tax (BCT), the General Corporation Tax (GCT), and the Unincorporated Business Tax (UBT).

Almost 274,000 firms and individuals pay either the GCT, the UBT, or the BCT. For tax year 1999, these taxpayers generated \$2.716 billion in liability.

**Banking Corporation Tax**

In 1999, the Banking Corporation Tax generated \$377 million from 641 taxpayers, a decrease of 16 percent from tax year 1998. The data show the following characteristics of the BCT-paying population in 1999:

- Foreign banks generated 42 percent of total BCT liability, followed by clearing house banks at 29 percent.
- The top 10 percent of taxpayers in terms of liability generated \$305 million, or 81 percent of total liability.
- More than 85 percent of BCT liability was incurred under the entire net income base. More than 40 percent of taxpayers paid on this base. Another 22 percent of taxpayers paid the \$125 minimum tax.

**General Corporation Tax**

The General Corporation Tax generated \$1.6 billion in 1999 tax liability, an increase of 6 percent from tax year 1998. The number of taxpayers increased to 247,300, 3 percent more than in 1998. The data show the following characteristics of the GCT population in 1999:

- Services-sector firms owed 27 percent of total liability, followed by finance-sector firms, which owed 23 percent. Firms in the trade and manufacturing sectors owed 15 percent and 8 percent of total liability, respectively.
- The top 10 percent of taxpayers in terms of liability generated \$1.4 billion, or 88 percent of total liability. Furthermore, the top 1 percent of taxpayers accounted for \$988 million, or 62 percent of total liability.

- More than half of GCT taxpayers owed only the \$300 minimum tax. The remaining taxpayers incurred liability under one of the following tax bases: entire net income, income plus compensation and capital. About 80 percent of total GCT liability was incurred under the entire net income base.
- Approximately 107,000 GCT taxpayers were recognized as S corporations for federal and New York State tax purposes. At the Federal level, S corporations are permitted to pass through their income to shareholders and are not subject to entity-level taxation. S corporations owed \$636 million in GCT liability in 1999.

### **Unincorporated Business Tax**

The Unincorporated Business Tax produced \$745 million in 1999 tax liability, an increase of 15 percent over the previous year. Partnerships generated \$631 million, an increase of 15 percent from 1998. Proprietorships generated \$114 million in liability, up 12 percent from 1998. There were 6,515 partnership taxpayers and 19,570 proprietorship taxpayers, growing 10 and 2 percent, respectively, compared to 1998.

Other characteristics of the UBT population are as follows:

- Among UBT partnerships, legal, finance & insurance, and professional services firms generated \$510 million in tax liability, or 81 percent of total partnership liability. Among proprietorships, services-sector firms accounted for 60 percent of total liability, while legal-sector firms generated 15 percent.
- The distribution of UBT partnership liability was heavily concentrated among a relatively few taxpayers. The top 10 percent of partnership taxpayers, or 651 firms, accounted for 84 percent of total partnership liability, and the top 1 percent accounted for 49 percent. The proprietorship liability distribution was far less skewed, with the top 10 percent generating 46 percent of proprietorship liability, while the top 1 percent generated 20 percent of liability.
- Under the UBT, limited liability companies (LLCs) are generally treated as partnerships for tax purposes. In 1999, firms identified as LLCs accounted for 38 percent of UBT partnership liability and 25 percent of partnership taxpayers.

## **Introduction to Statistical Tables and Appendices**

The report is divided into the following five sections: Total Business Income Taxes, Banking Corporation Tax, General Corporation Tax, Unincorporated Business Tax - Partnerships and Unincorporated Business Tax - Proprietorships. Each section provides a distribution by sector (bank type for the BCT), liability range and allocation method or status. The GCT and BCT sections supplement this information with data on tax base and form type. The GCT section also includes S corporation statistics. The UBT partnership section also provides information on limited liability companies. All data is as of June 2002.

The report contains five appendices. Appendices A, B, and C describe the BCT, GCT, and UBT, respectively. Appendix D describes the methodologies used to compile the data. Appendix E contains a glossary of industry sectors.

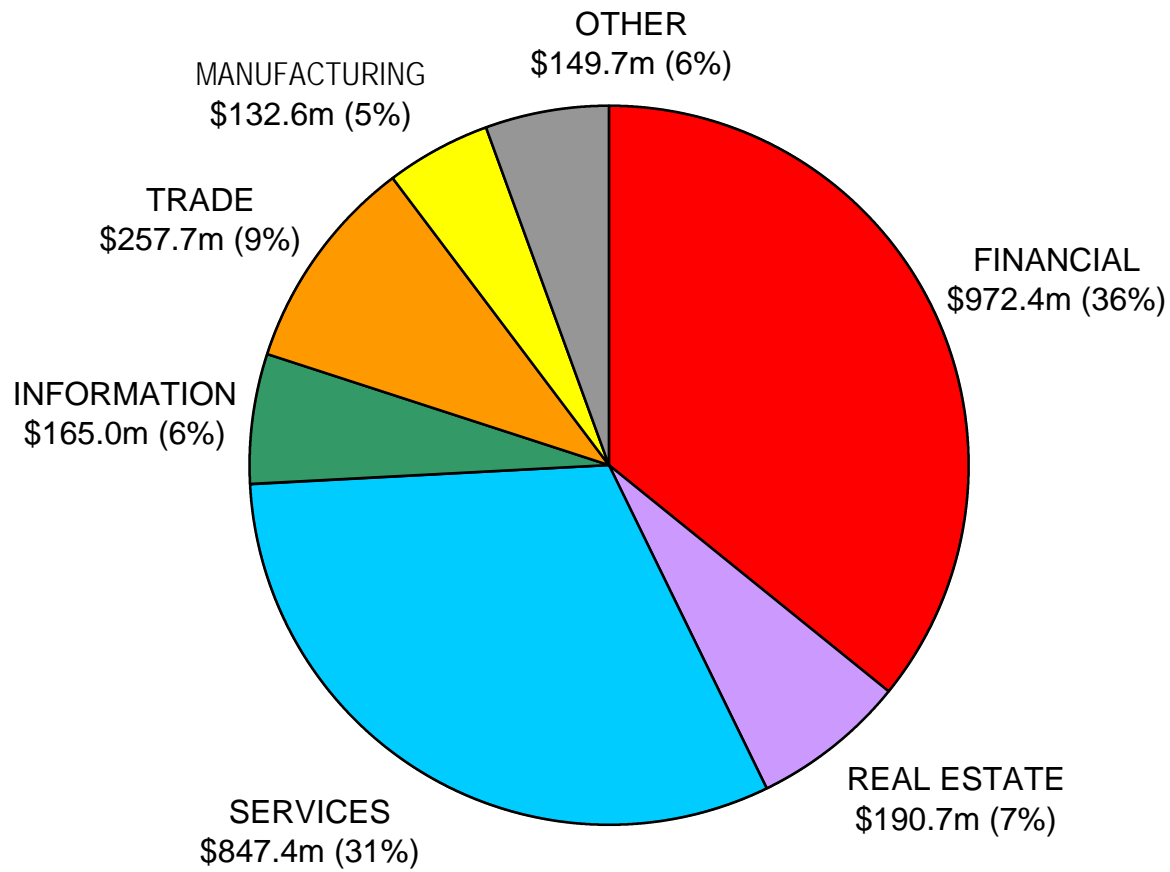
# **BUSINESS INCOME TAX TABLES**



# Table 1

## 1999 BUSINESS INCOME TAXES

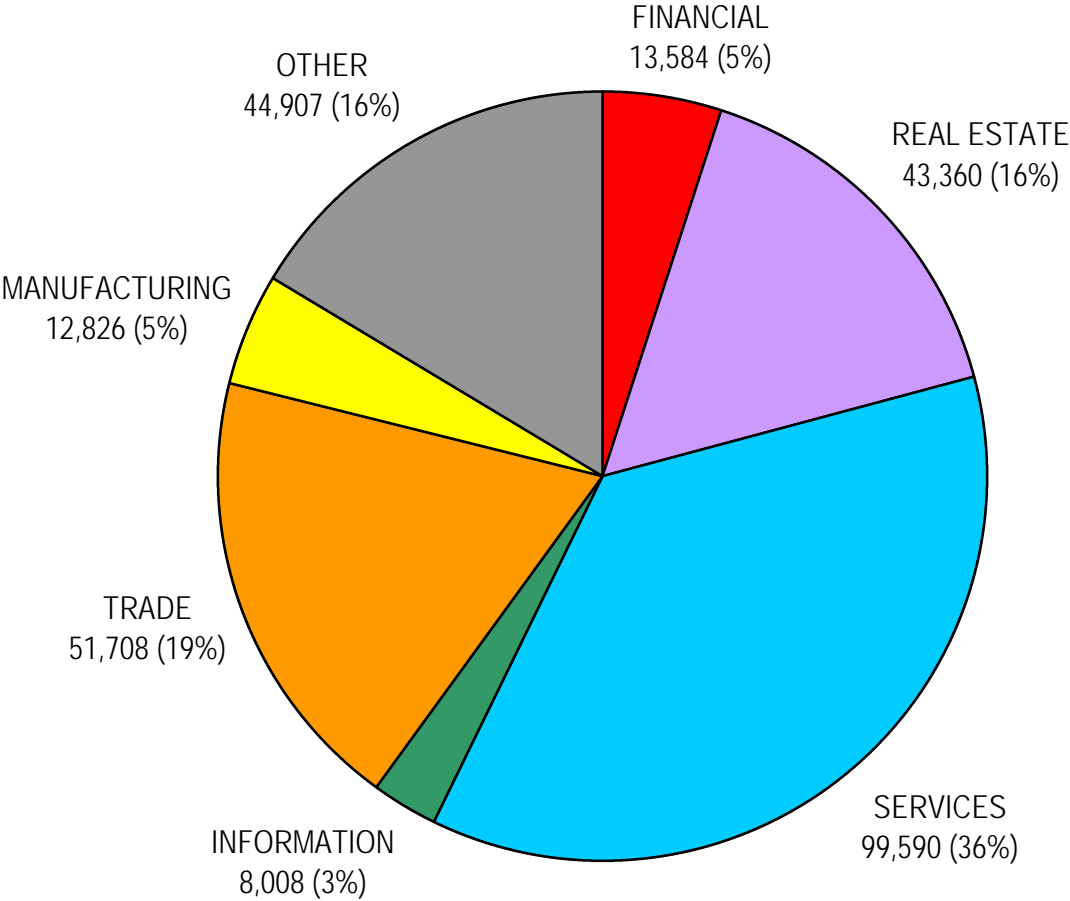
**Total Liability: \$2,715.6m**



# Table 2

## 1999 BUSINESS INCOME TAXES

**Total Taxpayers: 273,983**



**BUSINESS INCOME TAXES  
TAX YEAR 1999**

**Table 3  
DISTRIBUTION BY INDUSTRY  
(\$ THOUSANDS)**

<b>INDUSTRY</b>	<b>Number</b>	<b>% of Total</b>	<b>Liability</b>	<b>% of Total</b>
<b>FINANCIAL</b>	13,584	5.0 %	\$972,426	35.8 %
<b>REAL ESTATE</b>	43,360	15.8	190,715	7.0
<b>SERVICES</b>	99,590	36.3	847,417	31.2
<b>INFORMATION</b>	8,008	2.9	165,048	6.1
<b>TRADE</b>	51,708	18.9	257,682	9.5
<b>MANUFACTURING</b>	12,826	4.7	132,617	4.9
<b>OTHER</b>	44,907	16.4	149,676	5.5
<b>TOTAL</b>	<b>273,983</b>	<b>100.0 %</b>	<b>\$2,715,581</b>	<b>100.0 %</b>

**BUSINESS INCOME TAXES  
TAX YEAR 1999**

Table 4  
**DISTRIBUTION BY LIABILITY RANGE**  
(\$ THOUSANDS)

<b>LIABILITY PER RETURN (Actual \$)</b>	<b>Number</b>	<b>% of Total</b>	<b>Total Liability</b>	<b>% of Total</b>
<b>\$300.00 OR LESS</b>	142,486	52.0 %	\$42,270	1.6 %
<b>\$300.01-\$1,000</b>	37,444	13.7	22,179	0.8
<b>\$1,000.01-\$5,000</b>	52,933	19.3	133,642	4.9
<b>\$5,000.01-\$10,000</b>	18,259	6.7	127,960	4.7
<b>\$10,000.01-\$50,000</b>	17,553	6.4	360,109	13.3
<b>\$50,000.01-\$500,000</b>	4,674	1.7	624,494	23.0
<b>\$500,000.01 - \$1,000,000</b>	289	0.1	198,312	7.3
<b>MORE THAN \$1,000,000</b>	345	0.1	1,206,613	44.4
<b>TOTAL</b>	<b>273,983</b>	<b>100.0 %</b>	<b>\$2,715,581</b>	<b>100.0 %</b>

# **BANKING CORPORATION TAX TABLES**

Table 5  
**1999 BANK TAX  
LIABILITY BY BANK TYPE**

**Total Liability: \$376.7m**

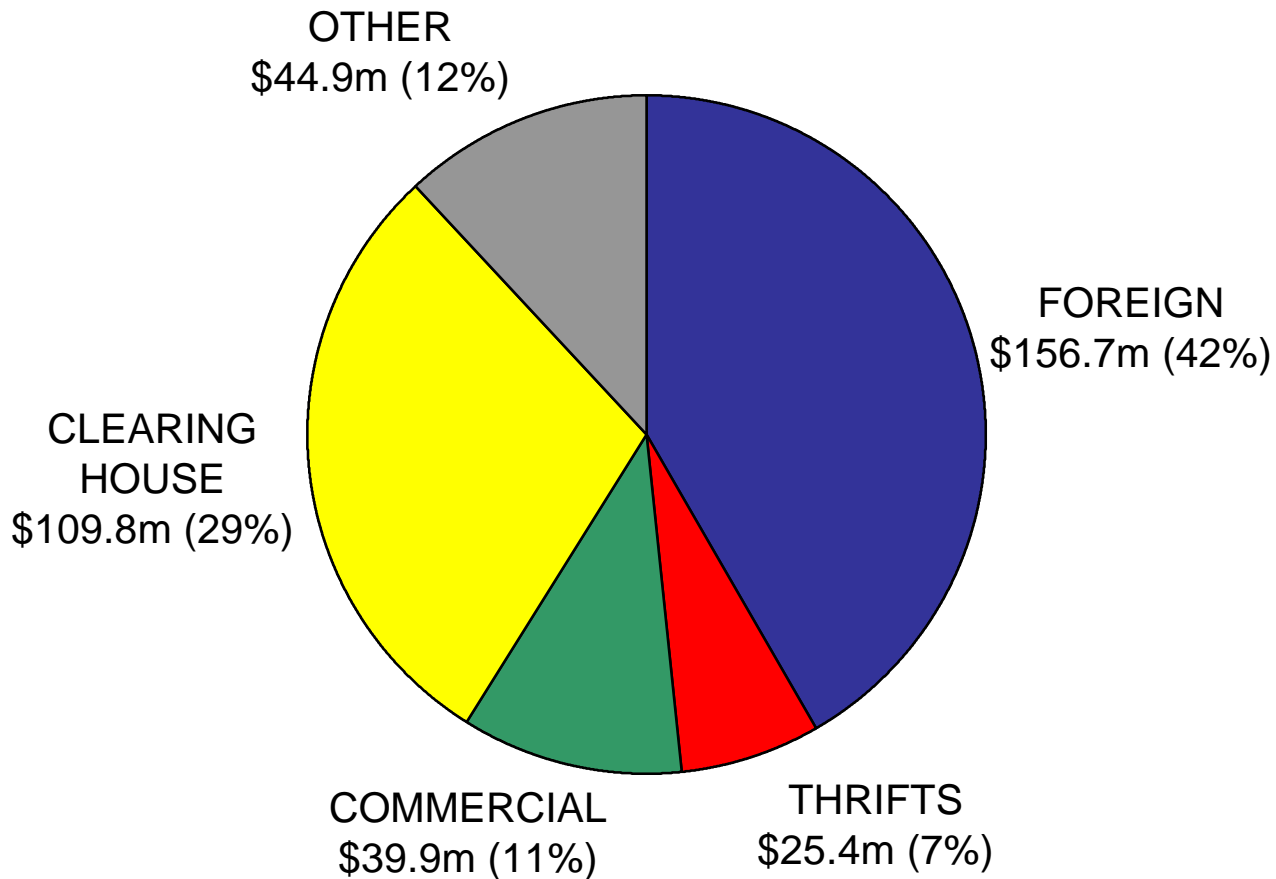
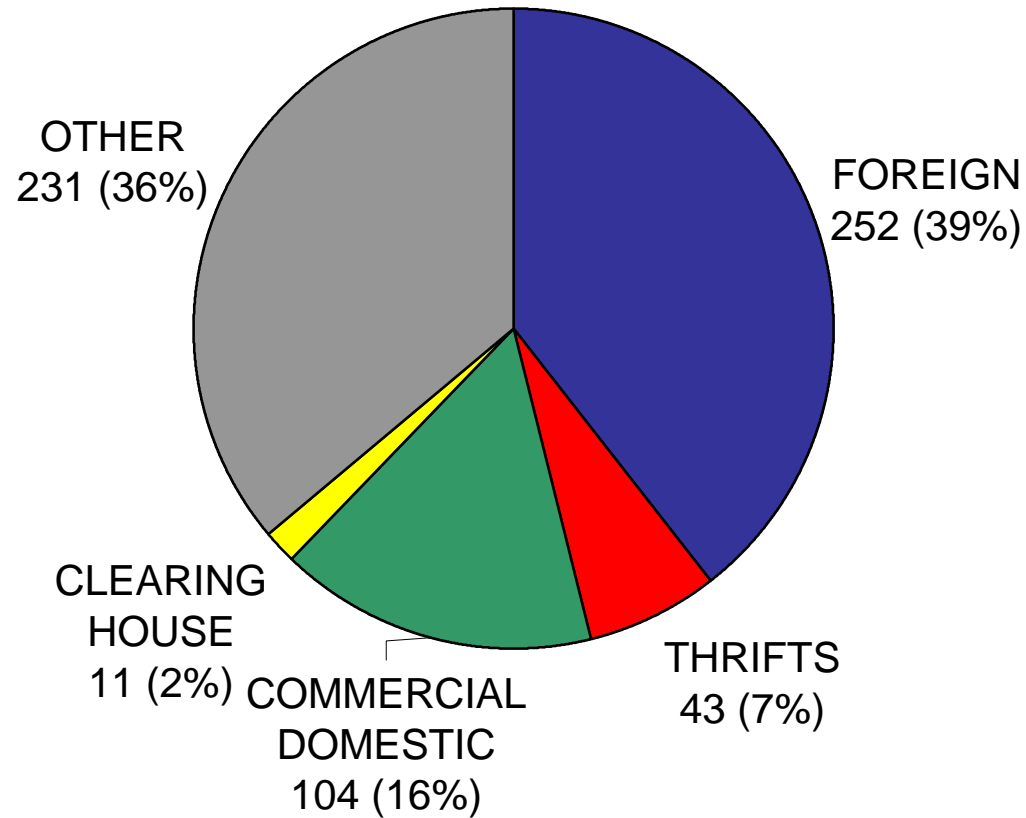


Table 6  
**1999 BANK TAX  
TAXPAYERS BY BANK TYPE**

**Total Taxpayers: 641**



**BANK TAX  
TAX YEAR 1999**

**Table 7  
DISTRIBUTION BY BANK TYPE  
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
COMMERCIAL	104	16.2 %	\$39,900	10.6 %
CLEARING HOUSE	11	1.7	109,800	29.2
FOREIGN	252	39.3	156,734	41.6
THRIFTS	43	6.7	25,364	6.7
OTHER	231	36.0	44,913	11.9
<b>TOTAL</b>	<b>641</b>	<b>100.0 %</b>	<b>\$376,710</b>	<b>100.0 %</b>



**BANK TAX  
TAX YEAR 1999**

**Table 8  
DISTRIBUTION BY LIABILITY RANGE  
(\$ THOUSANDS)**

<b>LIABILITY PER RETURN (Actual \$)</b>	<b>Number</b>	<b>% of Total</b>	<b>Total Liability</b>	<b>% of Total</b>
\$125	145	22.6 %	\$18	0.0 %
\$125.01 - \$1,000	40	6.2	19	0.0
\$1,000.01 - \$5,000	50	7.8	120	0.0
\$5,000.01 - \$10,000	38	5.9	280	0.1
\$10,000.01 - \$50,000	83	13.0	2,140	0.6
\$50,000.01 - \$500,000	175	27.3	33,978	9.0
\$500,000.01 - \$1,000,000	39	6.1	27,625	7.3
MORE THAN \$1,000,000	71	11.1	312,529	83.0
<b>TOTAL</b>	<b>641</b>	<b>100.0 %</b>	<b>\$376,710</b>	<b>100.0 %</b>

**Table 9  
TOP TEN PERCENT OF TAXPAYERS  
BY BANK TYPE  
(\$ THOUSANDS)**

<b>BANK TYPE</b>	<b>Number</b>	<b>Liability</b>
COMMERCIAL / CLEARING HOUSE	16	\$129,906
FOREIGN	32	129,168
OTHER	16	46,018
<b>TOTAL</b>	<b>64</b>	<b>\$305,091</b>

**BANK TAX  
TAX YEAR 1999**

**Table 10  
DISTRIBUTION BY TAX BASE  
(\$ THOUSANDS)**

<b>TAX BASE</b>	<b>Number</b>	<b>% of Total</b>	<b>Liability</b>	<b>% of Total</b>
ENTIRE NET INCOME	261	40.7 %	\$322,317	85.6 %
ALTERNATIVE NET INCOME	20	3.1	11,715	3.1
ASSET BASE	92	14.4	30,622	8.1
CAPITAL	118	18.4	10,776	2.9
MINIMUM TAX (\$125)	143	22.3	19	0.0
NOT AVAILABLE / EXTENSION	7	1.1	1,261	0.3
<b>TOTAL</b>	<b>641</b>	<b>100.0 %</b>	<b>\$376,710</b>	<b>100.0 %</b>

**Table 11  
DISTRIBUTION BY TAX BASE AND BANK TYPE  
(\$ THOUSANDS)**

<b>TAX BASE</b>	<b>COMMERCIAL / CLEARINGHOUSE</b>		<b>FOREIGN</b>		<b>OTHER</b>	
	<b>Number</b>	<b>Liability</b>	<b>Number</b>	<b>Liability</b>	<b>Number</b>	<b>Liability</b>
ENTIRE NET INCOME	66	\$120,038	95	\$140,669	100	\$61,610
ALT. NET INCOME	8	4,850	*	*	*	*
ASSET OR CAPITAL BASE	29	24,810	118	10,776	63	5,812
MINIMUM TAX (\$125)	12	3	35	4	96	12
NOT AVAILABLE / EXTENSION	0	0	*	*	*	*
<b>TOTAL</b>	<b>115</b>	<b>\$149,700</b>	<b>252</b>	<b>\$156,734</b>	<b>274</b>	<b>\$70,276</b>

\* Number cannot be provided due to confidentiality requirements

**BANK TAX  
TAX YEAR 1999**

**Table 12  
DISTRIBUTION BY FORM TYPE  
(\$ THOUSANDS)**

<b>FORM TYPE</b>	<b>Number</b>	<b>% of Total</b>	<b>Liability</b>	<b>% of Total</b>
<b>NYC-1</b>	515	80.3 %	\$178,111	47.3 %
<b>NYC-1A (COMBINED FORM)</b>	116	18.1	197,338	52.4
<b>NOT AVAILABLE / EXTENSION</b>	10	1.6	1,261	0.3
<b>TOTAL</b>	<b>641</b>	<b>100.0 %</b>	<b>\$376,710</b>	<b>100.0 %</b>

**BANK TAX  
TAX YEAR 1999**

**Table 13  
DISTRIBUTION BY ALLOCATION STATUS AND BANK TYPE  
(\$ THOUSANDS)**

ALLOCATION STATUS AND BANK TYPE	Number	% of Total	Liability	% of Total
<b>MULTI-JURISDICTIONAL</b>	<b>355</b>	<b>55.4 %</b>	<b>\$348,930</b>	<b>92.6 %</b>
Commercial / Clearing House	78	12.2	146,230	38.8
Foreign	182	28.4	151,325	40.2
Other	95	14.8	51,375	13.6
<b>100% N.Y.C.</b>	<b>264</b>	<b>41.2</b>	<b>26,518</b>	<b>7.0</b>
Commercial / Clearing House	36	5.6	3,471	0.9
Foreign	65	10.1	4,148	1.1
Other	163	25.4	18,899	5.0
<b>NOT AVAILABLE</b>	<b>22</b>	<b>3.4</b>	<b>1,261</b>	<b>0.3</b>
Commercial / Clearing House	*	*	*	*
Foreign	*	*	*	*
Other	*	*	*	*
<b>TOTAL</b>	<b>641</b>	<b>100.0 %</b>	<b>\$376,710</b>	<b>100.0 %</b>

See Appendix A for definition of allocation status.

\* Numbers cannot be shown due to confidentiality restrictions.

# **GENERAL CORPORATION TAX TABLES**

Table 14  
**1999 GENERAL CORPORATION TAX  
LIABILITY BY INDUSTRY**

**Total Liability: \$1,594.1m**

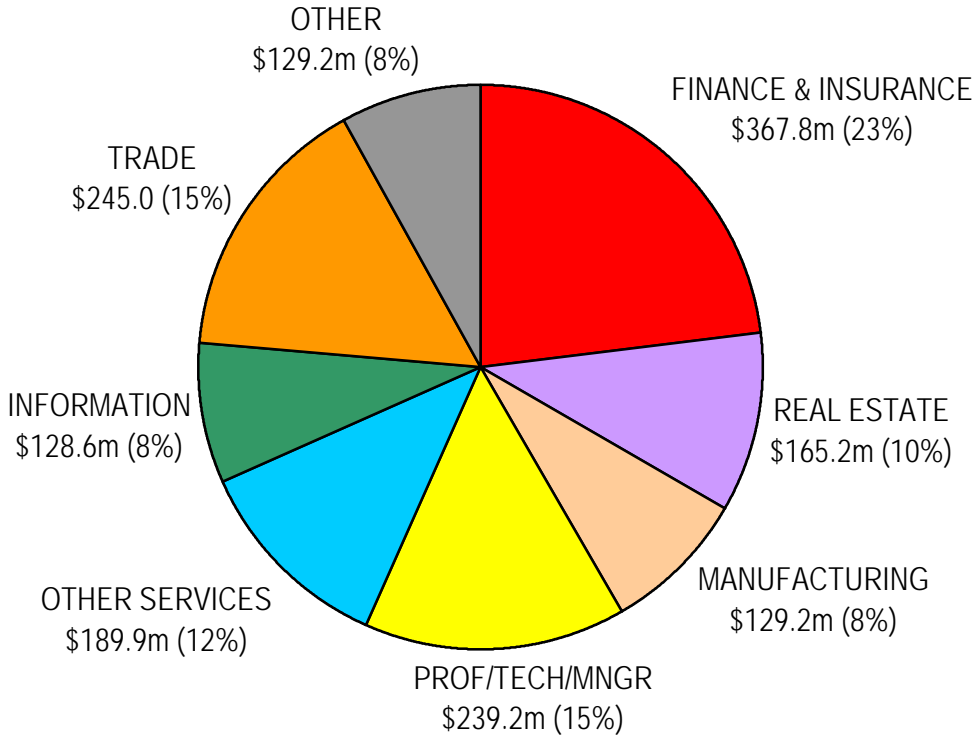
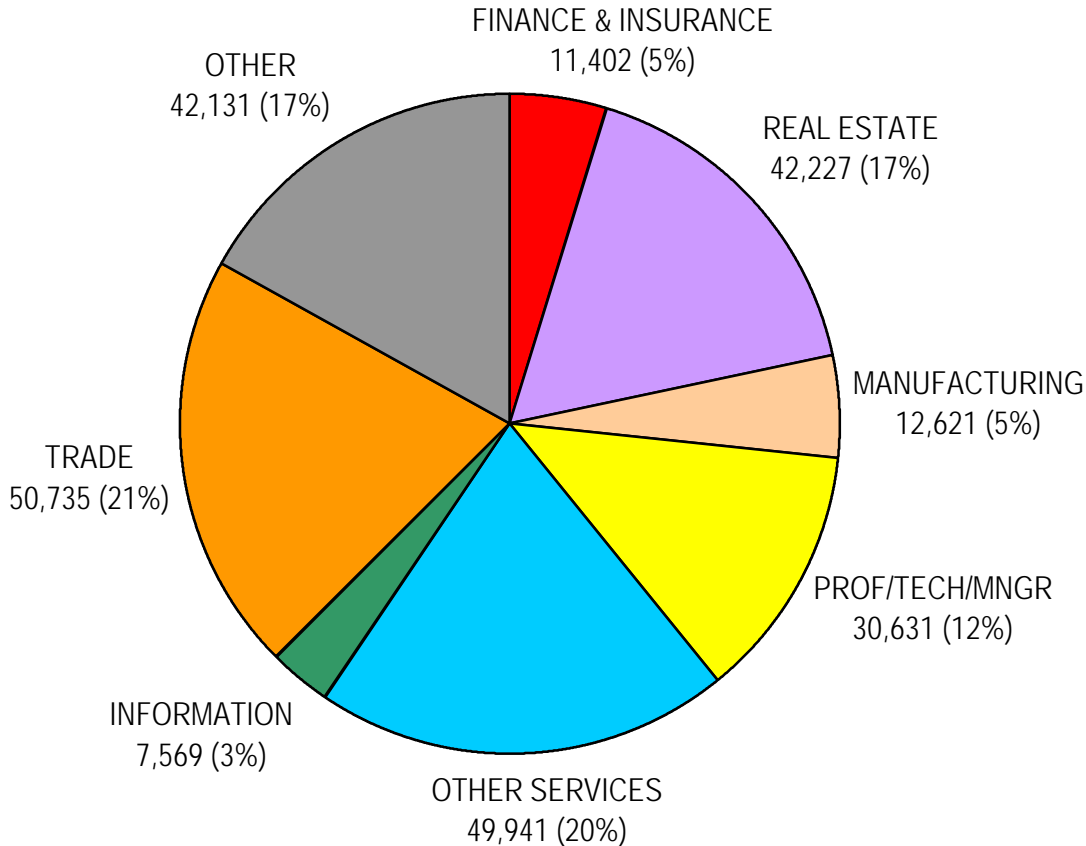


Table 15  
**1999 GENERAL CORPORATION TAXPAYERS  
BY INDUSTRY**

**Total Taxpayers: 247,257**



**GENERAL CORPORATION TAX  
TAX YEAR 1999**

**Table 16  
DISTRIBUTION BY INDUSTRY  
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
<b>FINANCE &amp; INSURANCE</b>	<b>11,402</b>	<b>4.6 %</b>	<b>\$367,784</b>	<b>23.1 %</b>
Credit Agencies	870	0.4	11,138	0.7
Funds & Trusts	2,729	1.1	4,289	0.3
Insurance	2,422	1.0	19,028	1.2
Securities & Commodities	5,285	2.1	332,836	20.9
Other Finance	96	0.0	494	0.0
<b>REAL ESTATE</b>	<b>42,227</b>	<b>17.1</b>	<b>165,220</b>	<b>10.4</b>
<b>MANUFACTURING</b>	<b>12,621</b>	<b>5.1</b>	<b>129,188</b>	<b>8.1</b>
Textiles, Apparel & Leather	4,477	1.8	27,396	1.7
Food & Beverage	883	0.4	23,206	1.4
Printing	1,572	0.6	9,628	0.6
Wood/Paper	352	0.1	2,142	0.1
Other Manufacturing	5,337	2.2	66,817	4.2
<b>PROF / TECH / MANAGERIAL</b>	<b>30,631</b>	<b>12.4</b>	<b>239,200</b>	<b>15.0</b>
Holding Companies	1,625	0.7	45,585	2.9
Managerial	787	0.3	28,514	1.8
Professional/Technical	28,219	11.4	165,100	10.4
<b>OTHER SERVICES</b>	<b>49,941</b>	<b>20.2</b>	<b>189,933</b>	<b>11.9</b>
Accommodations & Food	9,320	3.8	32,195	2.0
Administration/Support	5,091	2.1	30,563	1.9
Arts & Entertainment	6,108	2.5	25,338	1.6
Education	1,165	0.5	4,510	0.3
Health Care	8,324	3.4	50,412	3.2
Personal Services	9,216	3.7	17,508	1.1
Private Households	274	0.1	483	0.0
Public Administration	23	0.0	93	0.0
Religious	185	0.1	237	0.0
Rental & Leasing	1,307	0.5	9,988	0.6
Repair/Maintenance	4,284	1.7	5,828	0.4
Social Services	277	0.1	350	0.0
Waste Management	275	0.1	1,536	0.1
Other Services	4,092	1.7	10,893	0.7
<b>INFORMATION</b>	<b>7,569</b>	<b>3.1</b>	<b>128,571</b>	<b>8.1</b>
Broadcasting/Telecom	1,412	0.6	24,392	1.5
Information Services/Data	1,191	0.5	12,897	0.8
Movies/Video/Sound	2,952	1.2	30,768	1.9
Publishing	1,941	0.8	59,878	3.8
Other Information	73	0.0	636	0.0
<b>TRADE</b>	<b>50,735</b>	<b>20.5</b>	<b>244,976</b>	<b>15.4</b>
Durable Wholesale	11,890	4.8	70,925	4.4
Non-durable Wholesale	12,447	5.0	72,937	4.6
Retail	26,330	10.6	101,027	6.3
Other Trade	68	0.0	87	0.0
<b>OTHER</b>	<b>42,131</b>	<b>17.0</b>	<b>129,181</b>	<b>8.1</b>
Construction	14,346	5.8	66,608	4.2
Transportation	10,152	4.1	39,699	2.5
Utilities	127	0.1	1,665	0.1
Not Available	17,506	7.1	21,209	1.3
<b>TOTAL</b>	<b>247,257</b>	<b>100.0 %</b>	<b>\$1,594,053</b>	<b>100.0 %</b>



**GENERAL CORPORATION TAX  
TAX YEAR 1999**

Table 17  
**DISTRIBUTION BY LIABILITY RANGE**  
(\$ THOUSANDS)

LIABILITY PER RETURN (Actual \$)	Number	% of Total	Total Liability	% of Total
<b>\$300.00 OR LESS</b>	140,184	56.7 %	\$41,953	2.6 %
<b>\$300.01-\$1,000</b>	34,374	13.9	20,275	1.3
<b>\$1,000.01-\$5,000</b>	43,052	17.4	103,556	6.5
<b>\$5,000.01-\$10,000</b>	12,813	5.2	90,123	5.7
<b>\$10,000.01-\$50,000</b>	13,077	5.3	271,466	17.0
<b>\$50,000.01-\$500,000</b>	3,445	1.4	447,252	28.1
<b>\$500,000.01 - \$1,000,000</b>	149	0.1	101,558	6.4
<b>MORE THAN \$1,000,000</b>	163	0.1	517,870	32.5
<b>TOTAL</b>	<b>247,257</b>	<b>100.0 %</b>	<b>\$1,594,053</b>	<b>100.0 %</b>

Table 18  
**TOP TEN PERCENT AND TOP ONE PERCENT OF TAXPAYERS  
BY INDUSTRY**  
(\$ THOUSANDS)

INDUSTRY	TOP TEN PERCENT		TOP ONE PERCENT	
	Number	Liability	Number	Liability
<b>FINANCE &amp; INSURANCE</b>	1,852	\$360,025	402	\$328,020
<b>REAL ESTATE</b>	3,951	129,424	277	65,622
<b>MANUFACTURING</b>	1,929	118,550	235	85,052
<b>PROF/TECH/MANAGERIAL</b>	4,298	210,741	435	138,001
<b>OTHER SERVICES</b>	4,640	151,194	302	75,158
<b>INFORMATION</b>	912	122,741	174	108,331
<b>TRADE</b>	4,754	205,727	431	124,420
<b>OTHER</b>	2,389	102,245	216	62,948
<b>TOTAL</b>	<b>24,725</b>	<b>\$1,400,647</b>	<b>2,472</b>	<b>\$987,551</b>

**GENERAL CORPORATION TAX  
TAX YEAR 1999**

**Table 19  
DISTRIBUTION BY TAX BASE  
(\$ THOUSANDS)**

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	65,352	26.4 %	\$1,281,668	80.4 %
INCOME PLUS COMPENSATION	25,421	10.3	192,061	12.1
CAPITAL	13,485	5.5	62,255	3.9
MINIMUM TAX	131,690	53.3	40,979	2.6
NOT AVAILABLE / EXTENSION	11,309	4.6	17,089	1.1
<b>TOTAL</b>	<b>247,257</b>	<b>100.0 %</b>	<b>\$1,594,053</b>	<b>100.0 %</b>

**Table 20  
DISTRIBUTION BY TAX BASE AND INDUSTRY  
(\$ THOUSANDS)**

INDUSTRY	ENTIRE NET INCOME		INCOME + COMP		CAPITAL		MINIMUM TAX	
	Number	Liability	Number	Liability	Number	Liability	Number	Liability
FINANCE & INSURANCE	2,685	\$325,512	1,202	\$30,838	750	\$7,290	6,535	\$2,070
REAL ESTATE	12,491	135,151	911	6,775	6,829	15,414	20,928	6,399
MANUFACTURING	3,790	112,712	1,612	9,082	776	4,659	6,007	1,887
PROF/TECH/MANAGERIAL	8,548	164,127	6,091	51,368	1166	16,723	14,139	5,062
OTHER SERVICES	11,831	124,600	7,221	49,876	873	4,165	28,191	8,605
INFORMATION	1,707	112,667	846	7,575	475	5,996	4,292	1,395
TRADE	15,134	207,495	4,806	22,105	1,742	5,019	27,380	8,273
OTHER	9,166	99,403	2,732	14,443	874	2,989	24,218	7,287
<b>TOTAL</b>	<b>65,352</b>	<b>\$1,281,668</b>	<b>25,421</b>	<b>\$192,061</b>	<b>13,485</b>	<b>\$62,255</b>	<b>131,690</b>	<b>\$40,979</b>

**GENERAL CORPORATION TAX  
TAX YEAR 1999**

**Table 21  
DISTRIBUTION BY FORM TYPE  
(\$ THOUSANDS)**

FORM TYPE	Number	% of Total	Liability	% of Total
SHORT FORM	119,618	48.4 %	\$239,101	15.0 %
LONG FORM	114,996	46.5	958,954	60.2
COMBINED FORM	1,334	0.5	378,908	23.8
NOT AVAILABLE / EXTENSION	11,309	4.6	17,089	1.1
<b>TOTAL</b>	<b>247,257</b>	<b>100.0 %</b>	<b>\$1,594,053</b>	<b>100.0 %</b>

**Table 22  
DISTRIBUTION BY FORM TYPE AND LIABILITY RANGE  
(\$ THOUSANDS)**

LIABILITY PER RETURN (Actual \$)	SHORT FORM		LONG FORM		COMBINED FORM		NOT AVAILABLE	
	Number	Liability	Number	Liability	Number	Liability	Number	Liability
<b>\$300.00 OR LESS</b>	74,197	\$22,259	57,151	\$17,044	28	\$8	8,808	\$2,642
<b>\$300.01-\$1,000</b>	17,410	10,122	15,518	9,253	154	112	1,292	788
<b>\$1,000.01-\$5,000</b>	19,073	44,932	22,885	55,945	286	727	808	1,952
<b>\$5,000.01-\$10,000</b>	4,758	33,221	7,689	54,253	163	1,175	203	1,475
<b>\$10,000.01-\$50,000</b>	3,697	70,159	8,929	190,852	296	7,263	155	3,192
<b>\$50,000.01-\$500,000</b>	472	49,402	2,631	338,052	301	53,827	41	5,971
<b>\$500,000.01-\$1,000,000</b>	*	*	108	72,693	31	22,499	*	*
<b>MORE THAN \$1,000,000</b>	*	*	85	220,863	75	293,298	*	*
<b>TOTAL</b>	<b>119,618</b>	<b>\$239,101</b>	<b>114,996</b>	<b>\$958,954</b>	<b>1,334</b>	<b>\$378,908</b>	<b>11,309</b>	<b>\$17,089</b>

Note:

\* Numbers cannot be revealed due to confidentiality restrictions.

**GENERAL CORPORATION TAX  
TAX YEAR 1999**

**Table 23  
DISTRIBUTION BY ALLOCATION STATUS AND INDUSTRY  
(\$ THOUSANDS)**

ALLOCATION STATUS AND INDUSTRY	Number	% of Total	Liability	% of Total
<b>MULTI-JURISDICTIONAL</b>	<b>28,659</b>	<b>11.6 %</b>	<b>\$937,122</b>	<b>59.0 %</b>
Finance & Insurance	1,588	0.6	272,813	17.1
Real Estate	1,201	0.5	29,754	1.9
Manufacturing	3,777	1.5	102,337	6.4
Prof/Tech/Managerial	6,165	2.5	134,881	8.5
Other Services	4,034	1.6	66,495	4.2
Information	1,824	0.7	112,297	7.0
Trade	7,052	2.9	158,576	10.0
Other	3,018	1.2	59,970	3.8
<b>100% N.Y.C.</b>	<b>206,918</b>	<b>83.7</b>	<b>630,964</b>	<b>39.6</b>
Finance & Insurance	9,567	3.9	90,136	5.7
Real Estate	39,942	16.2	133,801	8.4
Manufacturing	8,316	3.4	24,012	1.5
Prof/Tech/Managerial	23,749	9.6	102,048	6.4
Other Services	44,051	17.8	120,579	7.6
Information	5,486	2.2	14,095	0.9
Trade	41,857	16.9	82,250	5.2
Other	33,950	13.7	64,044	4.0
<b>NOT AVAILABLE</b>	<b>11,680</b>	<b>4.7</b>	<b>25,966</b>	<b>1.7</b>
Finance & Insurance	247	0.1	4,836	0.3
Real Estate	1,084	0.4	1,666	0.1
Manufacturing	528	0.2	2,839	0.2
Prof/Tech/Managerial	717	0.3	2,270	0.1
Other Services	1,856	0.8	2,860	0.2
Information	259	0.1	2,178	0.2
Trade	1,826	0.7	4,150	0.3
Other	5,163	2.1	5,168	0.3
<b>TOTAL</b>	<b>247,257</b>	<b>100.0 %</b>	<b>\$1,594,053</b>	<b>100.0 %</b>

See Appendix A for definition of allocation status.

**GENERAL CORPORATION TAX  
TAX YEAR 1999  
STATE S CORPORATIONS**

**Table 24  
DISTRIBUTION BY STATE S CORPORATION STATUS  
(\$ THOUSANDS)**

TYPE OF CORPORATION	Number	% of Total	Liability	% of Total
STATE S CORPORATION	107,065	43.3 %	\$635,697	39.9 %
STATE C CORPORATION	140,192	56.7	958,356	60.1
<b>ALL CORPORATE FILERS</b>	<b>247,257</b>	<b>100.0 %</b>	<b>\$1,594,053</b>	<b>100.0 %</b>

**Table 25  
DISTRIBUTION OF STATE S CORPORATIONS BY INDUSTRY  
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
FINANCE & INSURANCE	3,993	3.7 %	\$88,393	13.9 %
REAL ESTATE	19,224	18.0	90,332	14.2
MANUFACTURING	4,938	4.6	46,749	7.4
PROF/TECH/MANAGERIAL	14,850	13.9	102,682	16.2
OTHER SERVICES	23,472	21.9	105,412	16.6
INFORMATION	3,201	3.0	21,565	3.4
TRADE	21,428	20.0	118,072	18.6
OTHER	15,959	14.9	62,493	9.8
<b>TOTAL</b>	<b>107,065</b>	<b>100.0 %</b>	<b>\$635,698</b>	<b>100.0 %</b>

**Table 26  
DISTRIBUTION OF STATE S CORPORATIONS BY TAX BASE  
(\$ THOUSANDS)**

TAX BASE	Number	% of Total	Liability	% of Total
ENTIRE NET INCOME	40,830	38.1 %	\$496,820	78.2 %
INCOME PLUS COMPENSATION	12,875	12.0	118,310	18.6
CAPITAL	3,024	2.8	4,533	0.7
MINIMUM TAX	49,758	46.5	14,931	2.3
EXTENSION	578	0.5	1,104	0.2
<b>TOTAL</b>	<b>107,065</b>	<b>100.0 %</b>	<b>\$635,698</b>	<b>100.0 %</b>

# **UNINCORPORATED BUSINESS TAX TABLES**

## **PARTNERSHIPS**

Table 27  
**1999 UNINCORPORATED BUSINESS TAX  
PARTNERSHIP LIABILITY BY INDUSTRY**

**Total Liability: \$630.8m**

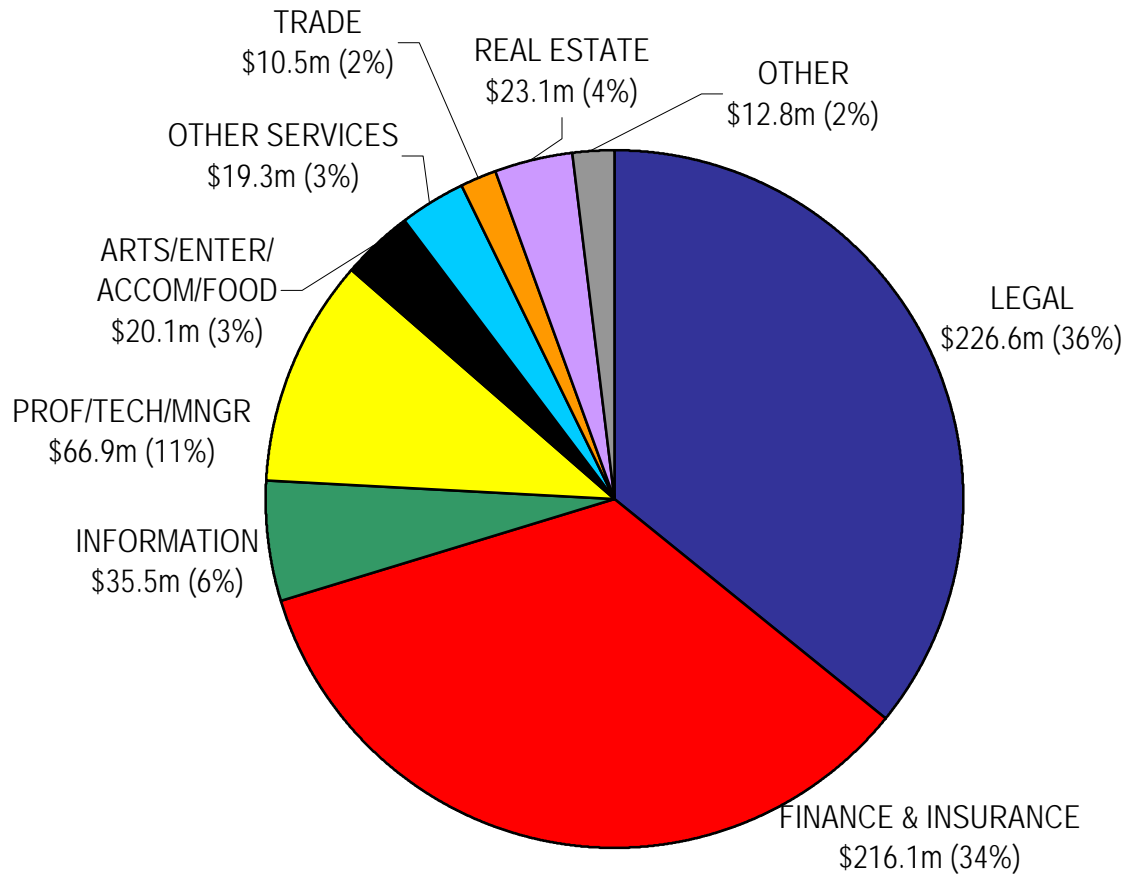
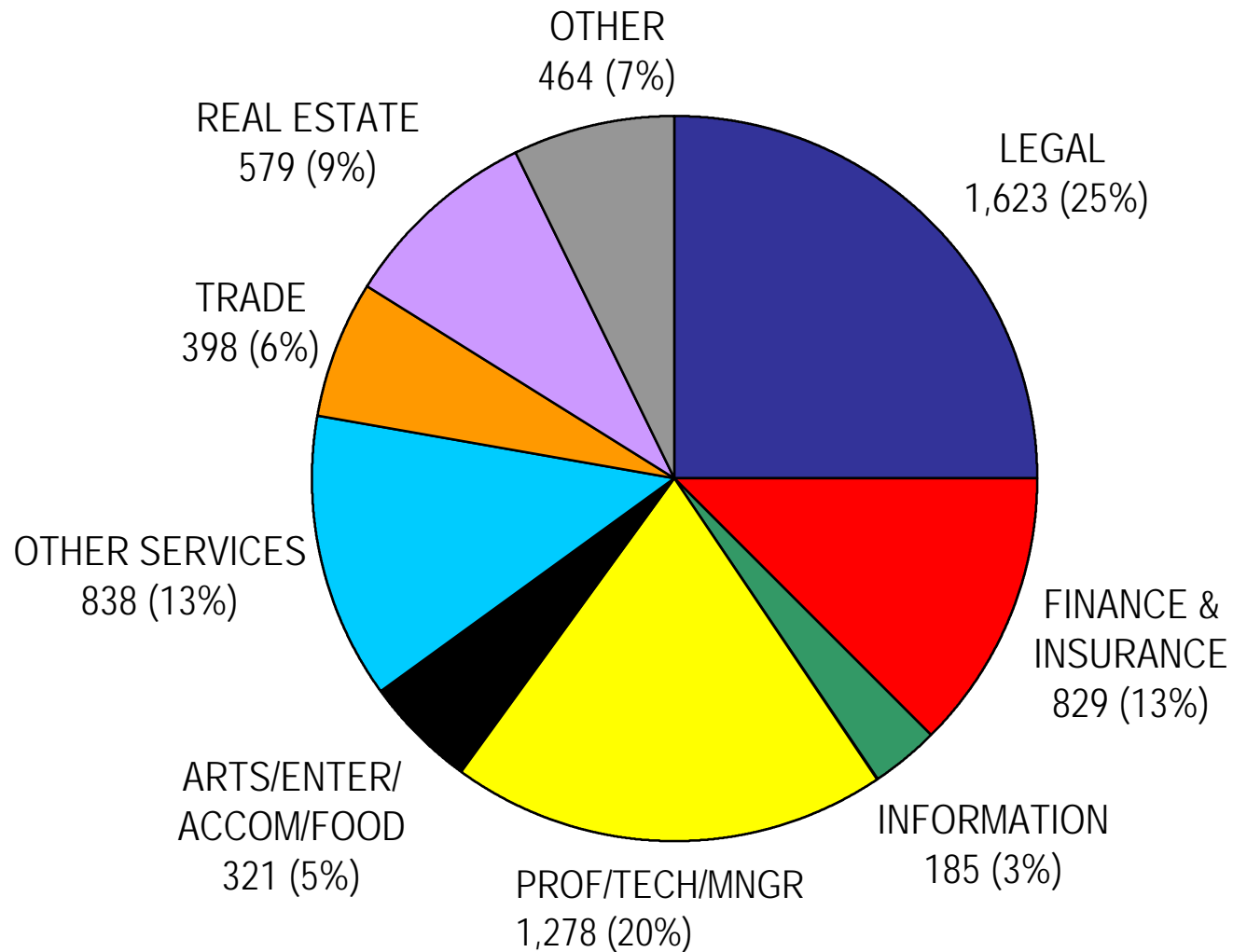


Table 28  
**1999 UNINCORPORATED BUSINESS TAX  
PARTNERSHIP TAXPAYERS BY INDUSTRY**

**Total Taxpayers: 6,515**





**UNINCORPORATED BUSINESS TAX  
PARTNERSHIP TAXPAYERS  
TAX YEAR 1999**

**Table 29  
DISTRIBUTION BY INDUSTRY  
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
<b>LEGAL</b>	<b>1,623</b>	<b>24.9 %</b>	<b>\$226,571</b>	<b>35.9 %</b>
<b>FINANCE &amp; INSURANCE</b>	<b>829</b>	<b>12.7</b>	<b>216,053</b>	<b>34.3</b>
Credit Agencies	22	0.3	2,959	0.5
Funds & Trusts	50	0.8	1,830	0.3
Insurance and Other Finance	43	0.7	3,493	0.6
Securities/Commodities	714	11.0	207,770	32.9
<b>INFORMATION</b>	<b>185</b>	<b>2.8</b>	<b>35,534</b>	<b>5.6</b>
Broadcasting/Telecomm	41	0.6	16,438	2.6
Information Services/Data	28	0.4	9,509	1.5
Movies/Video/Sound	69	1.1	6,651	1.1
Publishing	47	0.7	2,936	0.5
<b>PROF / TECH / MANAGERIAL</b>	<b>1,278</b>	<b>19.6</b>	<b>66,894</b>	<b>10.6</b>
Accounting	358	5.5	33,228	5.3
Holding Companies	45	0.7	1,429	0.2
Managerial	11	0.2	613	0.1
Professional/Technical	839	12.9	28,787	4.6
Other Prof/Tech/Managerial	25	0.4	2,838	0.5
<b>ARTS / ENTER / ACCOM / FOOD</b>	<b>321</b>	<b>4.9</b>	<b>20,114</b>	<b>3.2</b>
Accommodations	67	1.0	11,390	1.8
Amusement	23	0.4	3,239	0.5
Food Services	120	1.8	3,100	0.5
Performing Arts	111	1.7	2,386	0.4
<b>OTHER SERVICES</b>	<b>838</b>	<b>12.9</b>	<b>19,258</b>	<b>3.1</b>
Administration/Support	84	1.3	3,142	0.5
Education	23	0.4	346	0.1
Health Care	519	8.0	12,241	1.9
Personal Service	118	1.8	2,152	0.3
Rental & Leasing	33	0.5	586	0.1
Repair/Maintenance	30	0.5	295	0.1
Other Services	31	0.5	496	0.1
<b>TRADE</b>	<b>398</b>	<b>6.1</b>	<b>10,521</b>	<b>1.7</b>
Durable Wholesale	90	1.4	2,703	0.4
Non-Durable Wholesale	112	1.7	3,809	0.6
Other Wholesale	7	0.1	50	0.0
Retail	189	2.9	3,959	0.6
<b>REAL ESTATE</b>	<b>579</b>	<b>8.9</b>	<b>23,113</b>	<b>3.7</b>
<b>OTHER</b>	<b>464</b>	<b>7.1</b>	<b>12,777</b>	<b>2.0</b>
Construction	143	2.2	6,188	1.0
Manufacturing	114	1.8	3,077	0.5
Transportation & Utilities	24	0.4	874	0.1
Other	33	0.5	656	0.1
Not Available	150	2.3	1,982	0.3
<b>TOTAL</b>	<b>6,515</b>	<b>100.0 %</b>	<b>\$630,835</b>	<b>100.0 %</b>

**UNINCORPORATED BUSINESS TAX  
PARTNERSHIP TAXPAYERS  
TAX YEAR 1999**

**Table 30  
DISTRIBUTION BY LIABILITY RANGE  
(\$ THOUSANDS)**

<b>LIABILITY RANGE</b>	<b>Number</b>	<b>% of Total</b>	<b>Total Liability</b>	<b>% of Total</b>
<b>\$300 OR LESS</b>	344	5.3 %	\$32	0.0 %
<b>\$300.01 - \$1,000</b>	345	5.3	211	0.0
<b>\$1,000.01 - \$5,000</b>	1,323	20.3	4,148	0.7
<b>\$5,000.01 - \$10,000</b>	1,233	18.9	8,853	1.4
<b>\$10,000.01 - \$50,000</b>	2,120	32.5	48,069	7.6
<b>\$50,000.01 - \$500,000</b>	941	14.4	133,327	21.1
<b>\$500,000.01 - \$1,000,000</b>	98	1.5	69,129	11.0
<b>MORE THAN \$1,000,000</b>	111	1.7	367,064	58.2
<b>TOTAL</b>	<b>6,515</b>	<b>100.0 %</b>	<b>\$630,835</b>	<b>100.0 %</b>

**Table 31  
TOP TEN PERCENT AND TOP ONE PERCENT  
(\$ THOUSANDS)**

<b>INDUSTRY</b>	<b>TOP TEN PERCENT</b>		<b>TOP ONE PERCENT</b>	
	<b>Number</b>	<b>Liability</b>	<b>Number</b>	<b>Liability</b>
<b>LEGAL</b>	219	\$197,403	26	\$114,871
<b>FINANCE &amp; INSURANCE</b>	196	202,227	24	131,051
<b>INFORMATION</b>	27	33,052	*	*
<b>PROF / TECH / MANAGERIAL</b>	73	47,484	*	*
<b>ARTS / ENTER / ACCOM / FOOD</b>	35	15,223	*	*
<b>OTHER SERVICES</b>	28	7,058	0	0
<b>TRADE</b>	14	6,118	0	0
<b>REAL ESTATE</b>	35	16,774	*	*
<b>OTHER</b>	24	7,105	0	0
<b>TOTAL</b>	<b>651</b>	<b>\$532,445</b>	<b>65</b>	<b>\$305,963</b>

Note:

\* Numbers cannot be revealed due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX  
PARTNERSHIP TAXPAYERS  
TAX YEAR 1999**

**Table 32  
DISTRIBUTION BY ALLOCATION METHOD  
(\$ THOUSANDS)**

<b>ALLOCATION METHOD</b>	<b>Number</b>	<b>% of Total</b>	<b>Liability</b>	<b>% of Total</b>
<b>FORMULA</b>	938	14.4	195,559	31.0
<b>100% N.Y.C.</b>	4,997	76.7	170,956	27.1
<b>SEPARATE BOOKS</b>	241	3.7	176,003	27.9
<b>NOT AVAILABLE</b>	339	5.2 %	\$88,317	14.0 %
<b>TOTAL</b>	<b>6,515</b>	<b>100.0 %</b>	<b>\$630,835</b>	<b>100.0 %</b>

**UNINCORPORATED BUSINESS TAX  
PARTNERSHIP TAXPAYERS  
TAX YEAR 1999**

**STATE LIMITED LIABILITY COMPANIES**

**Table 33  
DISTRIBUTION OF TAXPAYERS BY STATE LIMITED LIABILITY COMPANY STATUS  
(\$ THOUSANDS)**

<b>LLC STATUS</b>	<b>Number</b>	<b>% of Total</b>	<b>Liability</b>	<b>% of Total</b>
<b>STATE LLC COMPANY</b>	1,631	25.0 %	\$242,543	38.4 %
<b>STATE NON-LLC COMPANY</b>	4,884	75.0	388,292	61.6
<b>ALL PARTNERSHIP PAYERS</b>	<b>6,515</b>	<b>100.0 %</b>	<b>\$630,835</b>	<b>100.0 %</b>

**Table 34  
DISTRIBUTION OF STATE LIMITED LIABILITY COMPANIES BY INDUSTRY  
(\$ THOUSANDS)**

<b>INDUSTRY</b>	<b>Number</b>	<b>% of Total</b>	<b>Liability</b>	<b>% of Total</b>
<b>LEGAL</b>	509	31.2	\$109,000	44.9 %
<b>FINANCE &amp; INSURANCE</b>	245	15.0	66,185	27.3
<b>INFORMATION</b>	41	2.5	10,209	4.2
<b>PROF / TECH / MANAGERIAL</b>	379	23.2	40,959	16.9
<b>ARTS / ENTER / ACCOM / FOOD</b>	51	3.1	2,696	1.1
<b>OTHER SERVICES</b>	176	10.8	6,094	2.5
<b>TRADE</b>	75	4.6	2,034	0.8
<b>REAL ESTATE</b>	84	5.2	3,680	1.5
<b>OTHER</b>	71	4.4	1,686	0.7
<b>TOTAL</b>	<b>1,631</b>	<b>100.0 %</b>	<b>\$242,543</b>	<b>100.0 %</b>

**UNINCORPORATED BUSINESS TAX TABLES**  
**PROPRIETORSHIPS**

Table 35  
**1999 UNINCORPORATED BUSINESS TAX  
PROPRIETORSHIP LIABILITY BY INDUSTRY**

**Total Liability: \$114.0m**

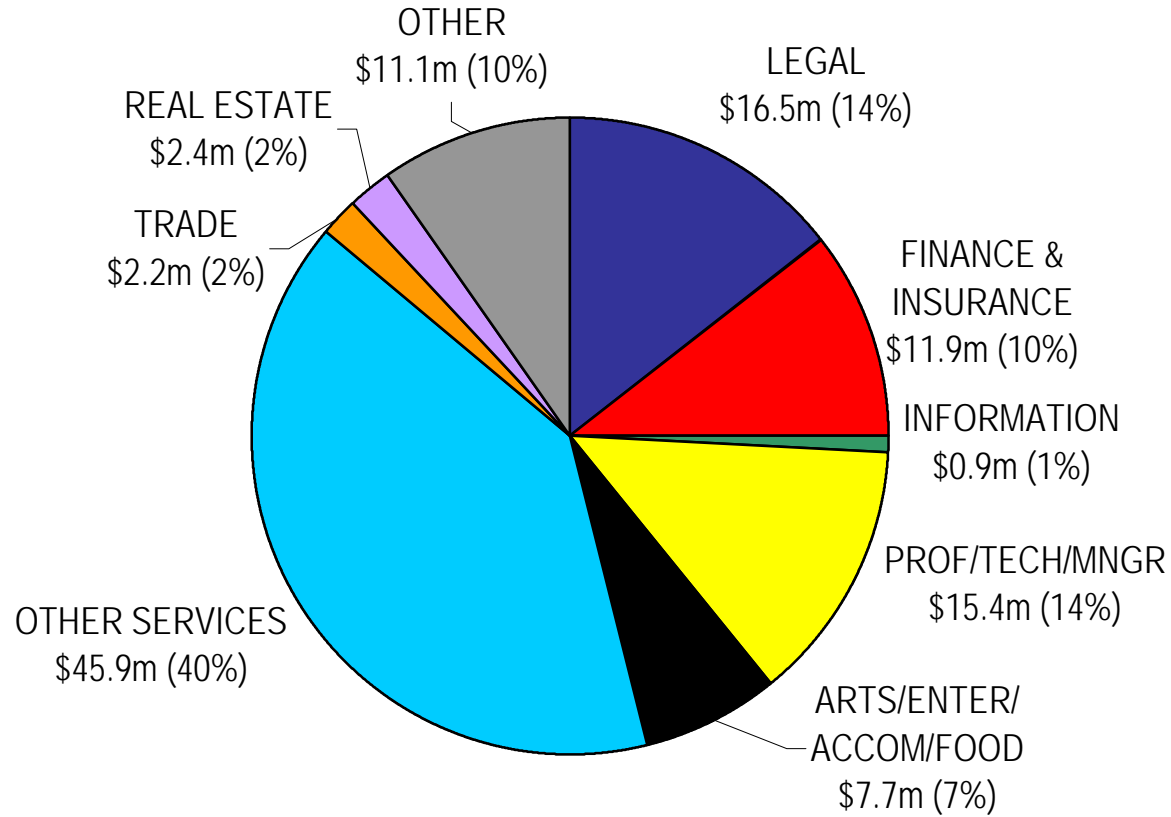
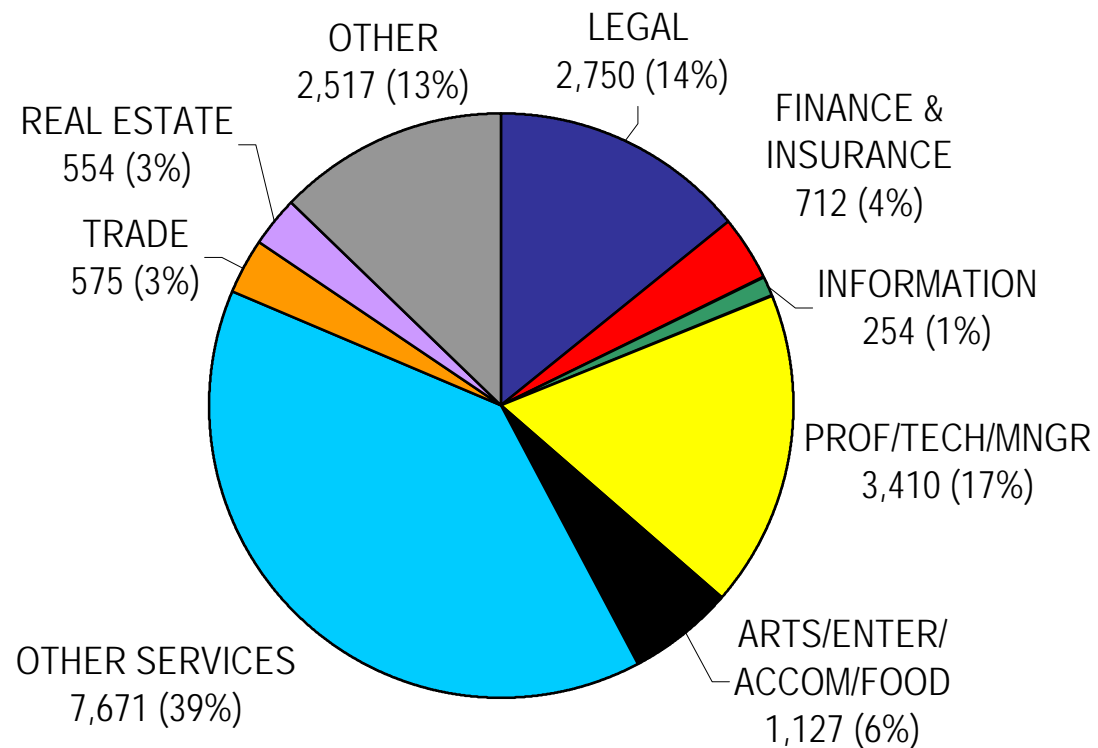


Table 36  
**1999 UNINCORPORATED BUSINESS TAX  
PROPRIETORSHIP TAXPAYERS BY INDUSTRY**

**Total Taxpayers: 19,570**



**UNINCORPORATED BUSINESS TAX  
PROPRIETORSHIP TAXPAYERS  
TAX YEAR 1999**

**Table 37  
DISTRIBUTION BY INDUSTRY  
(\$ THOUSANDS)**

INDUSTRY	Number	% of Total	Liability	% of Total
<b>LEGAL</b>	<b>2,750</b>	<b>14.1 %</b>	<b>\$16,498</b>	<b>14.5 %</b>
<b>FINANCE &amp; INSURANCE</b>	<b>712</b>	<b>3.6</b>	<b>11,879</b>	<b>10.4</b>
Credit Agencies	20	0.1	82	0.1
Insurance	191	1.0	1,168	1.0
Securities/Commodities	455	2.3	10,353	9.1
Other Finance	46	0.2	277	0.2
<b>INFORMATION</b>	<b>254</b>	<b>1.3</b>	<b>943</b>	<b>0.8</b>
Broadcasting/Telecomm	34	0.2	186	0.2
Information Services/Data	68	0.4	217	0.2
Movies/Video/Sound	94	0.5	257	0.2
Publishing	58	0.3	283	0.3
<b>PROF / TECH / MANAGERIAL</b>	<b>3,410</b>	<b>17.4</b>	<b>15,412</b>	<b>13.5</b>
Managerial	11	0.1	47	0.0
Accounting	335	1.7	1,159	1.0
Professional/Technical	3,064	15.7	14,206	12.5
<b>ARTS / ENTER / ACCOM / FOOD</b>	<b>1,127</b>	<b>5.8</b>	<b>7,685</b>	<b>6.7</b>
Accomodations	12	0.1	154	0.1
Amusement	43	0.2	319	0.3
Food Services	26	0.1	57	0.1
Performing Arts	1,022	5.2	7,071	6.2
Other Arts/Enter/Accom/Food	24	0.1	84	0.1
<b>OTHER SERVICES</b>	<b>7,671</b>	<b>39.2</b>	<b>45,852</b>	<b>40.2</b>
Administration/Support	180	0.9	919	0.8
Education	69	0.4	269	0.2
Health Care	6,528	33.4	40,890	35.9
Personal Service	380	1.9	1,558	1.4
Rental & Leasing	11	0.1	89	0.1
Repair/Maintenance	65	0.3	146	0.1
Social Services	59	0.3	138	0.1
Religious	15	0.1	73	0.1
Other Services	364	1.9	1,770	1.5
<b>TRADE</b>	<b>575</b>	<b>2.9</b>	<b>2,185</b>	<b>1.9</b>
Durable Wholesale	164	0.8	600	0.5
Non-Durable Wholesale	126	0.6	449	0.4
Retail	285	1.5	1,135	1.0
<b>REAL ESTATE</b>	<b>554</b>	<b>2.8</b>	<b>2,382</b>	<b>2.1</b>
<b>OTHER</b>	<b>2,517</b>	<b>12.9</b>	<b>11,147</b>	<b>9.8</b>
Construction	169	0.9	377	0.3
Manufacturing	91	0.5	352	0.3
Transportation & Utilities	169	0.9	835	0.7
Other	328	1.7	1,178	1.0
Not Available	1,760	9.0	8,405	7.4
<b>TOTAL</b>	<b>19,570</b>	<b>100.0 %</b>	<b>\$113,983</b>	<b>100.0 %</b>



**UNINCORPORATED BUSINESS TAX  
PROPRIETORSHIP TAXPAYERS  
TAX YEAR 1999**

**Table 38  
DISTRIBUTION BY LIABILITY RANGE  
(\$ THOUSANDS)**

<b>LIABILITY RANGE</b>	<b>Number</b>	<b>% of Total</b>	<b>Total Liability</b>	<b>% of Total</b>
<b>\$300 OR LESS</b>	1,801	9.2 %	\$265	0.2 %
<b>\$300.01 - \$1,000</b>	2,697	13.8	1,676	1.5
<b>\$1,000.01 - \$5,000</b>	8,508	43.5	25,818	22.7
<b>\$5,000.01 - \$10,000</b>	4,175	21.3	28,704	25.2
<b>\$10,000.01 - \$50,000</b>	2,273	11.6	38,434	33.7
<b>MORE THAN \$50,000</b>	116	0.6	19,087	16.8
<b>TOTAL</b>	<b>19,570</b>	<b>100.0 %</b>	<b>\$113,983</b>	<b>100.0 %</b>

**Table 39  
TOP TEN PERCENT AND TOP ONE PERCENT  
BY INDUSTRY  
(\$ THOUSANDS)**

<b>INDUSTRY</b>	<b>TOP TEN PERCENT</b>		<b>TOP ONE PERCENT</b>	
	<b>Number</b>	<b>Liability</b>	<b>Number</b>	<b>Liability</b>
<b>LEGAL</b>	275	\$7,291	22	\$2,768
<b>FINANCE &amp; INSURANCE</b>	129	9,641	19	7,723
<b>INFORMATION</b>	9	214	*	*
<b>PROF / TECH / MANAGERIAL</b>	208	5,441	18	2,298
<b>ARTS / ENTER / ACCOM / FOOD</b>	122	4,453	28	2,759
<b>OTHER SERVICES</b>	957	20,173	76	5,055
<b>TRADE</b>	34	725	*	*
<b>REAL ESTATE</b>	37	807	*	*
<b>OTHER</b>	186	4,191	23	1,272
<b>TOTAL</b>	<b>1,957</b>	<b>\$52,935</b>	<b>195</b>	<b>\$22,397</b>

Note:

\* Numbers cannot be revealed due to confidentiality restrictions.

**UNINCORPORATED BUSINESS TAX  
PROPRIETORSHIP TAXPAYERS  
TAX YEAR 1999**

**Table 40  
DISTRIBUTION BY ALLOCATION METHOD  
(\$ THOUSANDS)**

<b>ALLOCATION METHOD</b>	<b>Number</b>	<b>% of Total</b>	<b>Liability</b>	<b>% of Total</b>
<b>FORMULA</b>	665	3.4	4,217	3.7
<b>100% N.Y.C.</b>	17,574	89.8	102,927	90.3
<b>SEPARATE BOOKS</b>	294	1.5	1,596	1.4
<b>NOT AVAILABLE</b>	1,037	5.3 %	\$5,243	4.6 %
<b>TOTAL</b>	<b>19,570</b>	<b>100.0 %</b>	<b>\$113,983</b>	<b>100.0 %</b>

# **APPENDICES**

## APPENDIX A

### DESCRIPTION OF THE NEW YORK CITY BANKING CORPORATION TAX FOR TAX YEAR 1999

The New York City Banking Corporation Tax (BCT) is imposed on all banking corporations, wherever organized, for the privilege of doing business in New York City. The term “banking corporation” includes any corporation organized under the laws of the United States, New York State or any other state or country, which is doing a banking business. The term also includes any corporation at least 65 percent of whose stock is directly or indirectly owned by a bank or bank holding company, provided it is principally engaged in a business that a bank could conduct or that is so closely related to banking as to be a proper incident thereto within the meaning of the Federal Bank Holding Company Act of 1956.

#### **Basis and Rate of Tax**

The tax is the greatest of the four amounts determined under the following liability calculations:

- Entire net income allocated to the City and taxed at 9 percent;
- Alternative entire net income allocated to the City and taxed at 3 percent;
- For non-alien banks only, taxable assets allocated to the City and taxed at 0.01 percent;
- For alien banks only, issued capital stock allocated to the City and taxed at 0.26 percent;
- A fixed minimum tax of \$125.

“Entire net income” means the taxpayer's federal taxable income, computed without regard to an S corporation election, and subject to certain modifications. Among other modifications, entire net income must be computed without any deduction for federally allowable net operating losses, but deductions are allowed for 17 percent of interest income from subsidiary capital, 60 percent of dividend income and net gains from subsidiary capital, and 22 1/2 percent of interest income on obligations of the United States or of New York State or its political subdivisions (other than those held for resale in connection with regular trading activities).

“Alternative entire net income” means entire net income as described above, except that the above-described percentage deductions with regard to income from subsidiary capital and governmental obligations are not allowed.

“Taxable assets” means the average value of the taxpayer's total assets less certain sums received from the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance

Corporation.

“Issued capital stock” is included in the tax calculation at its face value, but if the stock is without par value, its actual or market value (but not less than \$5 per share) must be used. If the taxpayer does not have issued capital stock, it must use, instead, the amount by which its average total assets exceeds its average total liabilities.

### **Allocation**

If a taxpayer’s entire net income, alternative entire net income or taxable assets are derived from business carried on within and outside the City, it can allocate each tax base by use of a three-factor formula employing payroll, receipts and deposits factors. In calculating the entire net income allocation percentage, the numerator of the payroll factor includes only 80 percent of compensation paid to employees in the City, and the receipts and deposits factors are double-weighted. In allocating alternative entire net income, the numerator of the payroll factor is recalculated by including 100 percent of in-city compensation, and the receipts and deposits factors are not double-weighted. In allocating taxable assets, the entire net income allocation percentage is used but it is adjusted to reflect the inclusion of in-city wages, receipts and deposits of an international banking facility (IBF) maintained by the taxpayer.

### **International Banking Facilities (IBF’s)**

The Federal Reserve Board authorizes banks to establish units—known as International Banking Facilities—through which they can conduct certain exclusively international banking activities without being subject to certain reserve and deposit insurance requirements. The establishing bank must maintain separate IBF accounts that comply with Federal Reserve reporting requirements and the tax requirements of states that provide an IBF exemption. Under the BCT, a bank that has established a New York IBF can exclude the IBF’s net income—the excess of income over expenses from qualifying foreign banking transactions—from the calculation of its entire net income; the IBF’s payroll, receipts, and deposits are also excluded from the numerator and denominator of the bank’s allocation formula. In the alternative, the bank can make an election to include the IBF’s net income in its entire net income; however, in allocating such entire net income, the IBF’s payroll, receipts and deposits are included in the denominator, but excluded from the numerator, of the bank’s allocation formula.

### **Credits**

In order to eliminate multiple taxation of the same income, the BCT allows a credit for banking corporations that are partners in firms subject to the UBT. The credit is based upon the distributing partnership's UBT liability, and is applied against the bank partner's tax liability.

Other credits against the tax are allowed for certain expenses (including real estate tax escalation payments) of taxpayers relocating into the City from outside New York State and creating employment opportunities, and for relocated employment opportunities to targeted areas within the City. Credits were also allowed for the years covered in this report for certain industrial and commercial users of electricity and suppliers of fuel services. As part of legislation enacted in 2000

revamping the City's energy cost reduction program, these credits have been repealed.

### **Combined Reporting**

Corporations that are closely linked may be required or permitted to file a combined return. Generally, a banking corporation or bank holding company doing business in the city is required to file a combined return with any other banking corporation or bank holding company doing business in the city where an 80 percent stock ownership requirement is met. However, a corporation can be excluded from a combined return if it can be shown that its inclusion fails to properly reflect its tax liability because of intercorporate transactions or some other agreement, understanding, arrangement or transaction that produces an improper or inaccurate reflection of its income or assets. Certain banking corporations or bank holding companies that meet a 65 percent stock ownership requirement may be permitted or required to file a combined return if the Department of Finance determines that such filing is necessary to properly reflect the tax liability of such corporations because they are engaged in a unitary business and have other interrelationships. The tax on a combined return is measured by the combined entire net income, combined alternative entire net income or combined assets of all the corporations included in the return, after the elimination of intercorporate transactions and intercorporate stockholdings and indebtedness.

### **Filing Period**

The 1999 tax year includes all reported activity and income over a twelve-month period that began sometime between January 1, 1999 and December 31, 1999. In 1999, 82 percent of all BCT filers reported on a calendar-year basis. Among the remaining firms, the reporting period was either the fiscal year or a partial year. The tax period used under the BCT must conform to the federal tax year.

## APPENDIX B

### DESCRIPTION OF THE NEW YORK CITY GENERAL CORPORATION TAX FOR TAX YEAR 1999

The New York City General Corporation Tax (GCT) is imposed on all corporations, wherever organized, for the privilege of doing business, employing capital, owning or leasing property, or maintaining an office in New York City. Corporations that are subject to other special taxes, namely banking institutions and regulated utilities, are not subject to this tax. Insurance corporations pay no City business income taxes.

#### **Basis and Rate of Tax**

The tax is the greatest of the four amounts determined under the following liability calculations:

- Entire net income allocated to the City and taxed at 8.85 percent;
- Entire net income, increased by compensation paid to certain shareholders, reduced by a \$40,000 allowance, allocated to the City, multiplied by 30 percent and taxed at 8.85 percent (the "income plus compensation" base);
- Business and investment capital allocated to the City and taxed at 0.15 percent up to a maximum of \$350,000; or
- A fixed minimum tax of \$300.

In addition, there is a tax of .075 percent on subsidiary capital allocated to the City, as well as a \$300 minimum tax for each taxable subsidiary filing as part of a combined group.

"Entire net income" means the taxpayer's federal taxable income, computed without regard to an S corporation election, subject to certain modifications. Real estate investment trusts and regulated investment companies are subject to tax on "real estate investment trust taxable income" or "investment company taxable income," respectively, as defined in the Internal Revenue Code, with certain modifications.

The income plus compensation base was modified in tax year 1996 in order to phase out the add-back of officers' salaries. For tax year 1998, taxpayers with fiscal years beginning before July 1 add 75 percent of officers' salaries to entire net income, while taxpayers with fiscal years beginning July 1 or later add 50 percent of officers' salaries to entire net income. For tax years beginning on or after July 1, 1999, the officers' salaries add-back is fully eliminated. (The add-back elimination does not apply to officers who are also greater-than-5-percent shareholders.)

Also, the standard per-firm exclusion was increased from \$30K to \$40K, effective for tax years beginning on or after July 1, 1998.

“Business capital” means all assets, other than subsidiary capital, investment capital, and stock issued by the taxpayer, minus short- and long-term liabilities not deducted from subsidiary or investment capital.

“Investment capital” means investments in corporate and governmental stocks, bonds, and other securities, other than subsidiary capital and stock issued by the taxpayer, minus total liabilities directly or indirectly attributable to investment capital.

“Subsidiary capital” means investments in the stock of subsidiaries and any indebtedness from subsidiaries (other than accounts receivable) on which interest is not claimed and deducted by the subsidiary on a General Corporation Tax or Banking Corporation Tax return, minus total liabilities directly or indirectly attributable to subsidiary capital. A subsidiary is a corporation whose stock is more than 50 percent owned by the taxpayer.

### **Allocation**

A corporation is taxed on the City-allocated portions of its business income and business capital. The City's taxable share of total business income and capital is allocated using the business allocation percentage (BAP), which is based upon the traditional three-factor formula (property, payroll and receipts). Manufacturers have the option of double-weighting their receipts factor. Investment income and investment capital are allocated to the City according to the extent of activity within the City of the issuer of the investment; subsidiary capital is allocated based on the extent of the subsidiary's activity within the City. (Income from subsidiary capital is not taxable.)

### **Credits**

In order to eliminate multiple taxation of the same income, the GCT allows a credit for corporations that are partners in firms subject to the UBT. The credit is based upon the distributing partnership's UBT liability, and is applied against the corporate partner's tax liability.

Other credits against the tax are allowed for certain expenses (including real estate tax escalation payments) of taxpayers relocating into the City from outside New York State and creating employment opportunities, and for relocated employment opportunities to targeted areas within the City. Credits were also allowed for the years covered in this report for sales tax paid on the purchase of electricity used in production, and for certain industrial and commercial users of electricity and suppliers of fuel services. As part of legislation enacted in 2000 revamping the City's energy cost reduction program, these credits have been repealed.



### **Combined Reporting**

Groups of corporations that are closely linked may be permitted or required to file a combined return. The statutory requirements for combined filing are as follows: the group must form a "unitary business," for example, one in which the goods or services produced or acquired by one member of the group are acquired, used or sold by other members of the group; 80 percent or more of the stock of the members of the combined group must be directly or indirectly owned by other members of the group, by the parent corporation, or by the same interests; and, filing on a separate basis would distort a corporation's New York City activities, business, income, or capital. When filing a combined return, the group's tax liability is computed by summing information for all members of the group and subtracting intercorporate transactions.

### **Filing Period**

The 1999 tax year includes all reported activity and income over a twelve-month period that began sometime between January 1, 1999 and December 31, 1999. In 1999, 69 percent of all GCT filers reported on a calendar-year basis. Among the remaining firms, the reporting period was either the fiscal year or a partial year. The tax period used under the GCT must conform to the federal tax year.

## APPENDIX C

### DESCRIPTION OF THE NEW YORK CITY UNINCORPORATED BUSINESS TAX FOR TAX YEAR 1999

The New York City Unincorporated Business Tax (UBT) is imposed on partnerships, individuals, trusts, and estates that carry on or liquidate unincorporated businesses or professions wholly or partly within New York City. The tax also applies to corporations in liquidation. For partnerships, a tax return must be filed if gross income exceeds \$25,000 or taxable income exceeds \$15,000. All other unincorporated entities must file if they have more than \$75,000 of gross income or \$35,000 of taxable income.

#### **Basis and Rate of Tax**

The UBT is imposed at the rate of 4 percent on New York City taxable income. For proprietors, taxable income is based upon net profit from federal form 1040, Schedule C. For partnerships, taxable income is based upon net income from the partnership's federal form 1065. Taxpayers are required to make certain New York City modifications to this income, and the resulting amount is then allocated to New York City if the business is carried on both in and out of the City.

Individuals or unincorporated entities, other than dealers, are not considered to be unincorporated businesses subject to the UBT solely by reason of the purchase or sale of property or stock option contracts for their own account.<sup>1</sup> The "self-trading exemption" was expanded effective for tax years beginning on or after January 1, 1996, in order to better reflect the types of investment vehicles utilized in today's markets. The exemption now covers a wider array of financial instruments, such as notional principal contracts and other types of derivative financial instruments. Investment partnerships and proprietorships may engage in limited business activity and still retain the self-trading exemption.

Owners, lessees, or fiduciaries that solely hold, lease, or manage real property are also not considered to be engaged in an unincorporated business. By contrast, dealers who hold real property primarily for sale to customers in the ordinary course of business are subject to the tax.

#### **Allocation**

An unincorporated business is taxed on the City-allocated portions of its business income and business capital. UBT taxpayers may allocate net income to the City based upon books and records if such records fairly and equitably reflect income from the City. If New York City income cannot be determined from the taxpayer's books and records, total net income must be apportioned

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<sup>1</sup> An individual or entity will not be disqualified from this exemption if it receives \$25,000 or less from other activities.

in accordance with the traditional three-factor formula based on property, payroll, and receipts. Manufacturers have the option of double-weighting their receipts factor. Investment income is allocated to the City according to the extent of activity within the City of the issuer of the investment.<sup>2</sup>

### **Exemptions and Credits**

Through a combination of exemptions and credits, no tax is levied on proprietorships with allocated net income of less than \$55,000 and on partnerships with allocated net income of less than the sum of \$50,000 plus \$5,000 times the number of active partners. A proprietorship is allowed one exemption of \$5,000 and another exemption of up to \$5,000 as an allowance for proprietor services. A partnership is allowed one \$5,000 exemption and another exemption of up to \$5,000 for each active partner's services. The allowance for services is in lieu of any other deduction for payments to a proprietor or partner for services or use of capital. Both partnerships and proprietorships with tax after exemptions of \$1,800 or less (e.g., income after exemptions not greater than \$45,000) receive a full credit and owe no tax. Entities with tax after exemptions ranging from \$1,800 to \$3,200 receive a partial credit.

In order to eliminate multiple taxation of the same income, the UBT allows a credit for partnerships that are themselves partners in firms subject to the UBT. The partner receiving the distribution may take a UBT credit that is based upon the distributing partnership's UBT liability, and is applied against the partner's UBT liability.<sup>3</sup>

Other credits against the tax are allowed for certain expenses (including real estate tax escalation payments) of taxpayers relocating into the City from outside New York State and creating employment opportunities, and for relocated employment opportunities to targeted areas within the City. Credits were also allowed for the years covered in this report for sales tax paid on the purchase of electricity used in production, and for certain industrial and commercial users of electricity and suppliers of fuel services. As part of legislation enacted in 2000 revamping the City's energy cost reduction program, these credits have been repealed.

In addition, in order to address the double taxation of income under both the PIT and the UBT, partners and proprietors may take a credit against the New York City Personal Income Tax for a portion of their share of UBT paid. This credit is effective beginning in tax year 1997.

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<sup>2</sup> Prior to tax year 1996, investment income was allocated under the same rules as business income for the UBT.

<sup>3</sup> Prior to tax year 1997, the mechanism for providing this relief from double taxation was an exemption at the distributing partnership level.

**Filing Period**

The 1999 tax year includes all reported activity and income over a twelve-month period that began sometime between January 1, 1999 and December 31, 1999. In 1999, 97 percent of all UBT filers reported on a calendar-year basis. The tax period used under the UBT must conform to the federal tax year.

## APPENDIX D

### METHODOLOGY

The General Corporation Tax (GCT), Unincorporated Business Tax (UBT), and Banking Corporation Tax (BCT) data are obtained from tax data files maintained by the Department of Finance for purposes of processing, recording and monitoring the payment history of individual taxpayers. The Office of Tax Policy's Statistics Unit converted these tax files into an aggregate database in order to analyze various characteristics of the BCT, GCT, and UBT. The distributions presented in this report reflect data which is as complete as possible. For tax year 1999, 99 percent of all BCT taxpayers had filed annual returns, 95 percent of GCT taxpayers had filed annual returns, and 98 percent of UBT taxpayers had filed annuals. For both BCT and UBT, annual returns accounted for almost 100 percent of 1999 liability. For GCT, annual returns accounted for 99 percent of liability. Due to rounding, some rows or columns in the preceding tables may not sum to the totals shown.

#### **Liability**

The Finance Department's master files contain BCT, GCT, and UBT transactions, including declarations of estimated liability, quarterly estimated payments, applications for extensions, annual returns, adjustments to liability, penalties, and interest charges. Liability was estimated based on either the tax reported on the annual return, or, if no annual return was filed, on the application for an extension. Liability excludes penalty and interest charges.

#### **Industry**

The GCT and UBT distributions by industry sector are based upon the NAICS (North American Industry Classification System) code, as reported by taxpayers. This system for classifying taxpayers by sector was implemented by the Federal government beginning in tax year 1998. Since firms select the one code that best describes their national activity, some multi-jurisdictional firms may use a NAICS code that does not accurately reflect their New York City activity.

In cases where the codes were missing or incorrect, various procedures were employed to identify the correct values. Computer programs assigned codes based upon name and data from other tax years. Unidentified large taxpayers were assigned codes manually. By these means, 99 percent of the City's corporate and partnership liability and 91 percent of the City's proprietorship liability were ultimately identified by industry sector.

For UBT taxpayers, the sector groups differ from those commonly employed, in order to highlight the industries most significant to the UBT. Thus, the legal profession, which contributes over one-third of all UBT liability, is treated as a distinct sector. The Arts/Entertainment/Accommodation/Food sector is also isolated for the same reason.

In order to facilitate comparison of the 1999 industry data with data for years prior to 1998, the industry definitions contained in Appendix E highlight differences between the current and previous classifications.

For banks, the sector reporting is by type of bank, as reported by the taxpayer on the City return.

### **Form Type**

BCT taxpayers use one of two types of annual returns. The most commonly used is the NYC-1 return. The NYC-1A is used by combined groups of banking corporations.

GCT taxpayers use one of three types of annual returns. The most commonly used is the NYC-3L return, or the "long form." Firms that allocate income outside the City, own investment or subsidiary capital, or use certain deductions or special credits, must use the long form. The "short form," the NYC-4S, is the simplest to complete. Only firms that do not own investment or subsidiary capital, do not have any income that could be allocated outside New York City, and do not use certain deductions or special credits, may use the short form. Some firms that are eligible to use the NYC-4S choose to report on the NYC-3L. The NYC-3A is used by combined groups of corporations.

UBT taxpayers also use one of three types of annual returns. The NYC-204 is used by partnerships, including syndicates, groups, pools, or other unincorporated organizations.<sup>4</sup> The NYC-202 is used by individuals, estates, and trusts. The NYC-202 EZ form can be used by individuals who have no New York City modifications, allocate all business income to New York City, and have total income from business that does not exceed \$55,000.

### **Allocation Status**

Taxpayers were classified as multi-jurisdictional if their business allocation percentage (BAP) was less than 100. For BCT, the percentage used is the combined entire net income allocation percentage; if this is not available, the issuer's allocation percentage was used. For GCT combined payers, the stock allocation percentage was used as a proxy, since the BAP was not available. For UBT payers, the latest available data was from 1995. The 1995 data was adjusted to reflect the 1999 population.

### **New York State S Corporation Status** (GCT only)

Data from the New York State Department of Taxation and Finance was used to identify New York City corporations who made the S corporation election at the State level. Computer files from New York State were matched with the GCT population by employer identification

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<sup>4</sup> Limited liability companies doing business in New York City are generally taxed as partnerships under the UBT.

number to determine which firms had elected S status at the State level.

**New York State LLC Status** (UBT only)

Data from the New York State Department of Taxation and Finance was used to identify New York City partnerships which identified themselves as limited liability companies (LLCs). Computer files from New York State were matched with the UBT partnership population by employer identification number to determine which firms were LLCs.

## **APPENDIX E**

### **GLOSSARY OF SECTORS**

#### **BANKING CORPORATION BANK TYPES**

- FOREIGN BANKS - non-U.S. incorporated commercial banks with branches and offices in the United States. Domestic banks majority owned by foreign banks and subsidiaries of foreign banks that provide limited banking services are classified elsewhere.
- CLEARING HOUSE BANKS - large commercial banks that are members of the New York Clearing House Association.
- THRIFT BANKS - both savings and loans associations and savings banks.
- COMMERCIAL BANKS - U.S. incorporated banks that specialize in accepting corporate demand and time deposits and make commercial loans to businesses.
- OTHER BANKS
  - Edge Act Banks -- banks formed under the Edge Act banking legislation that allows national banks to conduct foreign lending operations through federal or state chartered subsidiaries
  - Trust Companies -- banks specializing in the administration of trust funds, estates, custodial arrangements, stock transfers and registration, and other related services
  - Subsidiaries of domestic and foreign banks which file separately from their parents as individual entities (and whose activities do not fall into the above categories)
  - Non-bank banks -- limited-service banks which include certain leasing corporations, mortgage, and loan production offices
  - Banking institutions whose bank types cannot be determined

#### **GENERAL CORPORATION TAX INDUSTRIES**

- FINANCE and INSURANCE - credit agencies, firms engaged in banking or lending activities, funds, trusts, securities and commodities brokers and dealers, exchanges, insurance agents and brokers, and related corporations.
- REAL ESTATE – lessors of real estate, property management, real estate brokers, and related real estate activity.
- MANUFACTURING - apparel and textile, food and beverages, printing, and other manufacturing.



- PROFESSIONAL/TECHNICAL/MANAGERIAL SERVICES - legal, accounting, consulting, architectural, engineering, advertising, veterinary services, and holding companies. Holding companies were classified under FIRE in reports prior to 1998. The remainder of this sector was formerly in SERVICES.
- OTHER SERVICES - administrative and support services, education, social assistance, entertainment, amusement and recreation, lodging, personal services, repair services, food services and drinking places, non-realty rental and leasing services, and medical care. Food services and drinking places were classified under TRADE in reports prior to 1998, while the remainder of this sector was formerly in SERVICES.
- INFORMATION - publishing, motion picture, broadcasting, telecommunications, information services, and data processing. Publishing was listed under manufacturing in previous reports. Motion pictures, information services, and data processing were previously included in SERVICES in reports prior to 1998, and broadcasting and telecommunications were formerly classified under OTHER.
- TRADE - retail and wholesale.
- OTHER - construction, transportation, unregulated utilities, and unknown.

## **UNINCORPORATED BUSINESS TAX INDUSTRIES**

- **LEGAL**
  
- **FINANCE and INSURANCE** - credit agencies, firms engaged in banking or lending activities, funds, trusts, securities and commodities brokers and dealers, exchanges, insurance agents and brokers, and related firms.
  
- **INFORMATION** - publishing, motion picture, broadcasting, telecommunications, information, and data processing. Publishing, broadcasting, and telecommunications were listed under **OTHER** in reports prior to 1998. Motion pictures was previously classified under **PERSONAL AND BUSINESS SERVICES**. Information services and data processing was listed under **PROFESSIONAL SERVICES** in previous reports.
  
- **PROFESSIONAL/TECHNICAL/MANAGERIAL SERVICES** - accounting, consulting, architectural, engineering, advertising, veterinary services, and holding companies. Holding companies were classified under **FIRE** in reports prior to 1998. The remainder of this sector was listed under **PROFESSIONAL SERVICES** in previous reports.
  
- **ARTS/ENTERTAINMENT/ACCOMMODATIONS/ FOOD SERVICES** - performing arts, amusements and recreation, museums, accommodations, and food services and drinking places. Food services and drinking places were classified under **TRADE** in reports prior to 1998. The remainder of this sector was listed under **PERSONAL AND BUSINESS SERVICES** in previous reports.
  
- **OTHER SERVICES** - administrative and support services, education, social assistance, personal services, repair services, non-realty rental and leasing services, and medical care. Medical care was listed under professional services in previous reports, while the remainder of this sector was reported under **PERSONAL** and **BUSINESS SERVICES** for reports prior to 1998.
  
- **TRADE** - retail and wholesale.
  
- **REAL ESTATE** – lessors of real estate, property management, real estate brokers, and related real estate activity.
  
- **OTHER** - manufacturing, construction, transportation, and unknown.